

RECORDATION NO. 26856-A FILED

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SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

November 14, 2007

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of First Amendment to Security Agreement, dated as of March 13, 2007, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Security Agreement previously filed with the Board under Recordation Number 26856.

The names and addresses of the parties to the enclosed document are:

Administrative

Agent: Calyon New York Branch
1301 6th Avenue
New York, NY 10019-6022

Grantors:

GCR Acquisitions, L.L.C.
Grand Canyon Railway, L.L.C. (successor by
Merger to Grand Canyon Railway, Inc.)
Grand Canyon Railway Hotel, L.L.C.
(successor by merger to Fray Marcos
Hotel Limited Partnership)
123 North San Francisco Street, Suite 120
Flagstaff, AZ 86001

Mr. Vernon A. Williams
November 14, 2007
Page 2

A description of the railroad equipment covered by the enclosed document
is:

Locomotive GCRX 539 is ADDED to the Security Agreement and
locomotives GCRX 18 and GCRX 20 are RELEASED from the Security
Agreement.

A short summary of the document to appear in the index is:

Memorandum of First Amendment to Security Agreement.

Also enclosed is a check in the amount of \$35.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', followed by a horizontal line.

Robert W. Alvord

RWA/sem
Enclosures

RECORDATION NO. 26856 - **A**
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**MEMORANDUM OF
FIRST AMENDMENT TO
SECURITY AGREEMENT**

SURFACE TRANSPORTATION BOARD

made by

**GCR ACQUISITIONS, L.L.C.,
GRAND CANYON RAILWAY, L.L.C. (formerly known as GC Railway, L.L.C. and
successor by merger to Grand Canyon Railway, Inc.) and
GRAND CANYON RAILWAY HOTEL, L.L.C., (formerly known as GCR Hotel, L.L.C.
and successor by merger to Fray Marcos Hotel Limited Partnership)**

in favor of

**CALYON NEW YORK BRANCH
as Administrative Agent**

This MEMORANDUM OF FIRST AMENDMENT TO SECURITY AGREEMENT, dated as of November 14, 2007, is made by: GCR ACQUISITIONS, L.L.C., an Arizona limited liability company ("Parent"), GRAND CANYON RAILWAY, L.L.C., an Arizona limited liability company (formerly known as GC Railway, L.L.C. and successor by merger to Grand Canyon Railway, Inc.), ("Railway") and GRAND CANYON RAILWAY HOTEL, L.L.C., an Arizona limited liability company (formerly known as GCR Hotel, L.L.C. and successor by merger to Fray Marcos Hotel Limited Partnership) ("Hotel"; Hotel together with Parent and Railway, are referred to hereinafter each individually as a "Grantor" and collectively as the "Grantors") and CALYON NEW YORK BRANCH, a branch under the laws of the State of New York of a foreign banking corporation organized under the laws of the Republic of France, as administrative agent ("Administrative Agent") for the lenders party to the Loan Agreement (referred to below).

WHEREAS, the Grantors and the Administrative Agent have entered into that certain Omnibus Pledge and Security Agreement, dated as of March 13, 2007 (the "Security Agreement"), which secures, among, other things (a) all of the Grantors' obligations under that certain Term Loan Agreement dated as of March 13, 2007 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Grantors, the lenders from time to time party thereto (the "Lenders") and Administrative Agent and (b) the other Financing Documents referred to in the Loan Agreement. (Unless the context otherwise requires, all capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Security Agreement or in the Loan Agreement).

WHEREAS, the Grantors and the Administrative Agent have entered into a Memorandum of Security Agreement dated as of March 13, 2007 and recorded with the Surface Transportation Board on March 14, 2007 under Recordation No. 26856 for all locomotives, railcars and other rolling stock of the Grantors, whether now owned or hereafter acquired and subject to the terms of the Loan Agreement and the Security Agreement.

WHEREAS, the Grantors and the Administrative Agent have entered into a First Amendment to Omnibus Pledge and Security Agreement dated as of November 14, 2007, pursuant to which: (a) the Grantor subjected to the lien of the Security Agreement as additional collateral for the Grantors' obligations under the Term Loan Agreement and granted to Administrative Agent and Lenders a security interest in the locomotive described in Exhibit A attached hereto (the "Heavy Mikado Locomotive"); and (b) the Administrative Agent released from the lien of the Security Agreement and terminated and released any and all rights and interests of the Administrative Agent with respect to the locomotives described in Exhibit B attached hereto ("Locomotives 18 & 20").

WHEREAS, the parties, by executing this Memorandum and causing it to be recorded with the appropriate governmental authorities, desire to provide public notice of the grant of security interest in the Heavy Mikado Locomotive and the termination of the security interest and release of any and all rights and interests of the Administrative Agent with respect to Locomotives 18 & 20.

WHEREAS, this Memorandum may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one such Memorandum.

IN WITNESS WHEREOF, each of the undersigned pursuant to due corporate authority has caused this Memorandum of First Amendment to Security Agreement to be executed in its respective corporate name by an officer duly authorized, and hereby declares pursuant to 28 U.S.C. § 1746 under penalty of perjury that this Memorandum is a true and correct document and was executed as of the date herein first set forth above.

[Signatures on Following Pages]

GRANTORS

GCR ACQUISITIONS, L.L.C.

By Andrew N. Todd
Andrew N. Todd
President & CEO

GRAND CANYON RAILWAY, L.L.C.,
formerly known as GC RAILWAY, L.L.C.

By Andrew N. Todd
Andrew N. Todd
President & CEO

GRAND CANYON RAILWAY HOTEL, L.L.C.
formerly known as GCR HOTEL, L.L.C.

By Andrew N. Todd
Andrew N. Todd
President & CEO

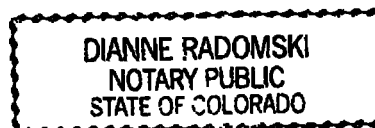
STATE OF COLORADO)
)
COUNTY OF ARAPAHOE) ss.

On this 8th day of November, 2007, before me, the undersigned Notary Public, personally appeared Andrew N. Todd, personally known to me to be the person who executed the within instrument as the President & CEO of GCR Acquisitions, L.L.C. and acknowledged to me that the company executed it.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

My Commission Expires: 1-17-2010

Dianne Radomski
NOTARY PUBLIC



STATE OF COLORADO)
)
COUNTY OF ARAPAHOE) ss.

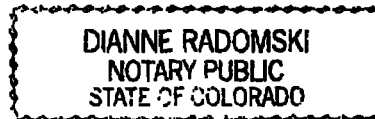
On this 8th day of November 2007, before me, the undersigned Notary Public, personally appeared Andrew N. Todd, personally known to me to be the person who executed the within instrument as the President & CEO of Grand Canyon Railway, L.L.C. and acknowledged to me that the company executed it.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Dianne Radomski

NOTARY PUBLIC

My Commission Expires: 1-17-2010



STATE OF COLORADO)
)
COUNTY OF ARAPAHOE) ss.

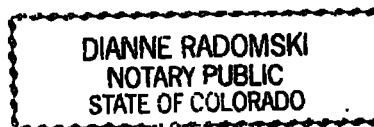
On this 8th day of November, 2007, before me, the undersigned Notary Public, personally appeared Andrew N. Todd, personally known to me to be the person who executed the within instrument as the President & CEO of Grand Canyon Railway Hotel, L.L.C. and acknowledged to me that the company executed it.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Dianne Radomski

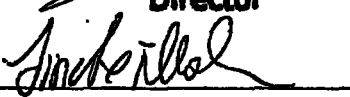
NOTARY PUBLIC

My Commission Expires: 1-17-2010



CALYON NEW YORK BRANCH, as
Administrative Agent

By 
Name: **Steven Jonassen**
Title: **Director**

By 
Name:
Title: **Linda D. Tulloch**
Director

STATE OF NEW YORK)
)
COUNTY OF New York) ss.

On this 14 day of November, 2007, before me, the undersigned Notary Public, personally appeared Steven Jonassen, personally known to me to be the person who executed the within instrument as the Director of CALYON NEW YORK BRANCH, and acknowledged to me that the corporation executed it.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.


NOTARY PUBLIC

REBECCA BAKER
Notary Public, State of New York
No. 0184468627
Qualified in New York County
Term Expires June 11, 2011

My Commission Expires: June 11, 2011

STATE OF NEW YORK)
)
COUNTY OF New York) ss.

On this 14 day of November, 2007, before me, the undersigned Notary Public, personally appeared Linda Tulloch, personally known to me to be the person who executed the within instrument as the Director of CALYON NEW YORK BRANCH, and acknowledged to me that the corporation executed it.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.


NOTARY PUBLIC

REBECCA BAKER
Notary Public, State of New York
No. 0184468627
Qualified in New York County
Term Expires June 11, 2011

My Commission Expires: June 11, 2011

EXHIBIT A

HEAVY MIKADO LOCOMOTIVE (Non-UMLER)

Number GCRX-	Type	Year Mfg Built	Coupler Type	Wheel Brg Type	Equipment Operated in Revenue Svc. last 3 years	Home RR
539	W3	1917 Alco	E	Friction	No	GCR

EXHIBIT B

LOCOMOTIVES 18 & 20 (Non-UMLER)

Number GCRX -	Type	Year Mfg Built	Coupler Type	Wheel Brg Type	Equipment operated in Revenue Svc. last 3 years
<u>Locomotives</u>					
18	SC4	1910 Alco	E	Friction	Yes
20	SCA	1910 Alco	E	Friction	No

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: November 14, 2007

Edward M. Luria
Edward M. Luria